

Message Text

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C O N F I D E N T I A L

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OF QR'S IS BEING HANDLED BY A SPECIFIC QR SUBGROUP UNDER THE GROUP NON-TARIFF MEASURES), AND (3) TO TAKE INTO ACCOUNT THE PARTICULAR INTERESTS OF DEVELOPING COUNTRIES.

AT THIS MEETING, AND THE SUBSEQUENT MEETING IN SEPTEMBER, WIDELY DIVERGENT OPINIONS WERE EXPRESSED ON THE GROUP'S FUTURE WORK PROGRAM AND THE GROUP DID NOT GO BEYOND THE GENERAL CONSIDERATION OF SEVERAL PROPOSALS WHICH WERE PUT FORWARD TO DEAL WITH THESE QUESTIONS. DIFFERENCES OF OPINION AGAIN ROSE BETWEEN THE U.S. AND THE EC: THE EC BEGAN AGAIN TO SUPPORT AN AUTONOMOUS ROLE FOR THE AGRICULTURE GROUP AND ITS SUBGROUPS AND, IN EFFECT, TO QUESTION THE MAY COMPROMISE AGREEMENT. AT ISSUE WAS THE NATURE OF THE LINK BETWEEN THE AGRICULTURE GROUP AND OTHER NEGOTIATING GROUPS, AND THE MECHANISM FOR THE RESOLUTION OF DIFFERENCES BETWEEN GROUPS OVER THE TREATMENT OF AGRICULTURE IN THE NEGOTIATIONS WHEN SUCH DIFFERENCES ARISE.

THE U.S. PUT FORWARD A FOUR POINT WORK PROGRAM AT THE SEPTEMBER MEETING WHICH IT WAS HOPED WOULD PUT AN END TO PROCEDURAL DISPUTES AND MOVE GROUP AGRICULTURE INTO THE STAGE OF CONCRETE WORK ON SUBSTANTIVE MATTERS WITHIN THE TERMS OF ITS MAY MANDATE. SPECIFICALLY THE PROPOSALS WOULD HAVE PERMITTED THOSE COUNTRIES SO DESIRING TO HOLD CONSULTATIONS ON QUANTITATIVE RESTRICTIONS UNDER THE AUSPICES OF GROUP AGRICULTURE SO LONG AS THE RESULTS OF THE CONSULTATIONS ARE REPORTED SIMULTANEOUSLY TO THE SUBGROUP ON QUANTITATIVE RESTRICTIONS; FURTHERMORE, THE U.S. PROPOSAL WOULD HAVE ALLOWED GROUP AGRICULTURE TO PROCEED WITH WORK ON THE EXAMINATION OF TARIFF FORMULAE

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AND THE APPLICABILITY OF THE DRAFT STANDARDS CODE TO AGRICULTURE. THE FOURTH POINT OF THE U.S. PROPOSAL WOULD HAVE PROVIDED FOR A MECHANISM FOR THE EXAMINATION OF

SPECIFIC BARRIERS TO TRADE IN PRODUCTS OUTSIDE THE EXISTING GRAINS, DAIRY AND MEAT SUBGROUPS THROUGH THE USE OF A NOTIFICATION AND DOCUMENTATION PROCEDURE. THE PROPOSAL SUGGESTED SPECIAL ATTENTION TO THE TRADE BARRIERS NOTIFIED BY THE DEVELOPING COUNTRIES.

THE U.S. PROPOSAL WAS FAVORABLY RECEIVED BY VIRTUALLY ALL DELEGATIONS AND REFERRED TO AS A PRAGMATIC EFFORT TO GET SUBSTANTIVE NEGOTIATIONS UNDERWAY. HOWEVER, THE EC'S INSISTENCE THAT GROUP AGRICULTURE ARRIVE AT ITS OWN SOLUTIONS AND SEND THEM TO OTHER GROUPS ONLY IN FINAL FORM LED TO THE CONTINUATION OF THE LONG STANDING PROCEDURAL DEADLOCK WHICH WAS ONLY PARTIALLY RESOLVED IN DECEMBER.

AT ITS FOURTH SESSION IN DECEMBER, GROUP AGRICULTURE ADOPTED A PROPOSAL IN LINE WITH THE PROCEDURAL SUGGESTIONS OF MR. OLIVIER LONG, THE GATT DIRECTOR-GENERAL, SETTING ASIDE THE FUNDAMENTAL DIFFERENCES IN VIEW BETWEEN THE U.S. AND THE EC. THE GROUP AGREED TO UNDERTAKE A PROCESS OF INFORMATION, EXAMINATION AND DIALOGUE WITH RESPECT TO ALL TARIFF AND NON-TARIFF MEASURES AFFECTING AGRICULTURAL PRODUCTS OTHER THAN THOSE COVERED BY THE PRODUCT SUBGROUPS. COUNTRIES WILL NOTIFY THE GATT SECRETARIAT OF OTHER COUNTRIES' TARIFF OR NON-TARIFF MEASURES CONCERNING PRODUCTS OF INTEREST TO THEM. THESE NOTIFICATIONS WILL BE CIRCULATED WITH A VIEW TO ULTIMATE BILATERAL OR PLURILATERAL CONSULTATIONS.

THIS AGREEMENT PERMITS WORK ON AGRICULTURAL PRODUCTS TO PROCEED WITHOUT RESOLVING THE FUNDAMENTAL DIFFERENCES OF VIEW BETWEEN THE U.S. AND THE EC ON HOW TO LIBERALIZE AGRICULTURAL TRADE. IT TAKES INTO ACCOUNT THE POSSIBILITY OF BILATERAL CONSULTATION, THE NEED FOR ALL THE NEGOTIATING GROUPS TO WORK IN CONCERT, AND THE NEED TO CONSIDER THE PARTICULAR PROBLEMS OF THE DEVELOPING COUNTRIES.

SUBGROUP ON GRAINS: THE SUBGROUP HAS HELD THREE MEETINGS, IN MAY, JUNE AND OCTOBER. THE MAJOR ACHIEVEMENT OF THE FIRST MEETING WAS AGREEMENT ON AN INITIAL WORK PROGRAM CONSISTING OF THREE INTERRELATED TOPICS: (1) MARKET STABILIZATION; (2) THE EXPANSION AND LIBERALIZATION OF TRADE; AND (3) OBJECTIVES CONCERNING DEVELOPING COUNTRIES.

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THIS PROGRAM REPRESENTED A BALANCED TREATMENT OF THE VARIOUS PROPOSALS WHICH HAD BEEN MADE. THE EUROPEAN COMMUNITY PROPOSED THAT THE SUBGROUP AGREE TO NEGOTIATE A COMPREHENSIVE INTERNATIONAL GRAINS AGREEMENT WHICH WOULD STABILIZE PRICES WITHIN A WIDE BAND BY MEANS OF STOCK ACTIONS ON THE PART OF PARTICIPATING COUNTRIES. THE U.S. AND OTHER GRAIN EXPORTERS STRESSED THAT TRADE EXPANSION AND LIBERALIZATION SHOULD BE THE GOAL, AND THE U.S. PROPOSED A WORK PROGRAM TO EXAMINE THE NATIONAL MEASURES THAT HAVE PREVENTED THE REALIZATION OF THIS GOAL. DEVELOPING COUNTRIES PROPOSED THAT THEY RECEIVE DIFFERENTIAL AND

PREFERENTIAL TREATMENT IN COMMERCIAL GRAIN TRADE AS WELL AS IN FOOD AID. AT THE SECOND MEETING OF THE SUBGROUP, THE EC DIVULGED ADDITIONAL DETAILS OF HOW THEIR PROPOSED INTERNATIONAL GRAINS AGREEMENT WOULD WORK AND THE U.S. MADE A MORE DETAILED PROPOSAL OF HOW THE SUBGROUP SHOULD PROCEED TO LAY THE BASIS FOR TRADE LIBERALIZATION.

AT ITS OCTOBER MEETING, THE U.S. PROPOSED THAT THE SUBGROUP ADOPT A NEGOTIATING PROCEDURE THAT WOULD PERMIT IT TO MOVE QUICKLY TO EXPLORE CONCRETE SOLUTIONS TO GRAIN TRADE PROBLEMS AS SOON AS GENERAL PROCEDURAL ISSUES AFFECTING THE AGRICULTURE GROUP AND ITS SUBGROUPS ARE RESOLVED. IN ESSENCE, THE U.S. SUGGESTED THAT COUNTRIES NOTIFY HIGH PRIORITY GRAIN TRADE PROBLEMS, HAVING A DIRECT BEARING ON THEIR TRADE INTERESTS, AND SUGGEST DESIRED SOLUTIONS TO

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